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S E C R E T SECTION 01 OF 04 JAKARTA 007941

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TAGS: [PGOV](#) [KDEM](#) [ID](#)

SUBJECT: ADVISOR WORRIES ABOUT YUDHOYONO'S POLITICAL POSITION

REF: A. 05 JAKARTA 15860 (CABINET RESHUFFLE)

[1](#)B. 05 JAKARTA 8830 (CORRUPTION ARREST)

[1](#)C. 04 JAKARTA 8376 (SBY PROFILE)

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Classified By: Political Officer David R. Greenberg for reason 1.4 (b) and (d).

SUMMARY

[1](#)1. (S/NF) President Yudhoyono has yet to consolidate political power and could lose his 2009 reelection bid if he cannot show significant achievements in the near future, according to T.B. Silalahi, Special Advisor to the President.

In a June 13 meeting, T.B. told us that he had recently sought to improve the relationship between Yudhoyono and Vice President Kalla, although T.B. suspected Kalla had presidential ambitions for 2009. Consistent with conventional wisdom, T.B. derided Yudhoyono's Democratic Party as ineffectual; he noted Yudhoyono's camp was cultivating a splinter party that had broken from former President Megawati's Indonesian Democratic Party - Struggle (PDI-P). Although T.B. worried aloud that President Yudhoyono lacks the financial resources to control Indonesia's political elite, other contacts have told us recently that the First Family -- particularly First Lady Kristiani Herawati -- has intensified efforts to profit financially from its political position. These efforts have reportedly led to improved relations between Yudhoyono and Coordinating Minister for People's Welfare Aburizal Bakrie. A credible polling organization reported that popular satisfaction with Yudhoyono's performance fell below 40 percent in late April. End Summary.

COMPLAINTS

[1](#)2. (C) T.B. Silalahi, Special Advisor to the President, told us on June 13 that he worried about Yudhoyono's chances for reelection in 2009. It would be necessary, T.B. said, for the President to show significant achievements in the next two years. T.B. claimed to have met recently with Singaporean elder statesman Lee Kwan Yew, who, according to T.B., expressed the same concern, saying Yudhoyono needed to produce results, or his reelection would be in jeopardy. T.B. claimed the Singaporean elite had promised to assist the GOI by promoting investment in Indonesia and creating

employment opportunities in targeted areas.

13. (C) T.B. told us he had a lengthy discussion with the President in early 2006 in which he confronted Yudhoyono, decrying his position as weak. Yudhoyono had not yet demonstrated an ability to control the political elite or dispense patronage. (T.B. did not share with us Yudhoyono's reaction to this discussion.) T.B. told us Yudhoyono seemed to expect political outcomes without providing the necessary resources to achieve them. For example, T.B. recounted with frustration that Yudhoyono had once asked him in general terms to assuage former President Wahid. Normally, T.B. said, one could easily satisfy Wahid by paying him off, but Yudhoyono provided no funding for the effort. While Yudhoyono has often appeared reluctant to play money politics (ref C), T.B. appeared to feel Yudhoyono also lacked the means to do so effectively, if he wanted to.

SLIPPING IN AN APRIL POLL

14. (C) In late April, Yudhoyono's popularity slipped significantly, according to polling data released in mid-May by the Indonesian Survey Circle (LSI), a credible organization run by Denny J.A., a former Yudhoyono advisor. (Denny was formerly Executive Director of the Indonesian Survey Institute, which also uses the acronym "LSI.") LSI's poll of 700 respondents found only 37.9 percent of respondents satisfied with the Yudhoyono administration's performance. LSI reported a margin of error of 3.8 percent for its results. This is the first reputable poll of which we are aware that places Yudhoyono's job approval rating below 50 percent. One of our contacts told us that he had discussed this poll in late May with First Lady Kristiani Herawati, who attributed these results to the public criticism leveled at Yudhoyono by members of the political elite, such as Amien Rais and Abdurrahman Wahid.

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THE ALTERNATIVE?

15. (C) Even with Yudhoyono's recent slippage in LSI's poll, our contacts find it difficult to identify a credible alternative candidate who might defeat the incumbent in 2009. There is widespread speculation within and outside of the Golkar Party that Vice President Kalla -- who concurrently chairs Golkar -- might run for the presidency, but most of our contacts agree that typical Javanese (who comprise the largest ethnic group in Indonesia) would not find Kalla's persona appealing. Megawati Soekarnoputri, who remains embittered toward Yudhoyono, seems likely to run again for election. In our recent discussion, T.B. seemed to dismiss Megawati's potential, suggesting that Yudhoyono represented the last credible candidate with secular leanings. The alternative to Yudhoyono, T.B. said, would likely come from the Islamist side of Indonesia's political spectrum; he seemed to feel Prosperous Justice Party (PKS) leading figure Hidayat Nur Wahid -- now widely rumored as a leading candidate for Governor of Jakarta in 2007 -- represented the strongest possible Islamist presidential candidate.

THE POLITICAL MAP

16. (C) T.B. Silalahi disparaged the Democratic Party (PD) as "losers," indicating that he held no hope that PD might transform itself into an effective political instrument by the time of the 2009 election. However, T.B. seemed to feel that Yudhoyono could draw secular-minded voters from PDI-P's base. He estimated that 70 percent of PDI-P loyalists did not want Megawati to run for the presidency again. (Comment: This estimate likely underestimates Megawati's support from the PDI-P base. End Comment.) T.B. told us that he had recently met with Roy Janis, a former PDI-P Vice Chairman who

now is one of the top figures of the Democracy Renewal Party (PDP), which includes numerous high-profile figures formerly associated with PDI-P. T.B. remarked that Roy "works for us" -- although Roy separately portrayed the meeting with T.B. as a discussion among equals, and he claimed to have laid out a policy line independent of the Palace's.

¶7. (C) T.B. also told us he had recently met with Vice President Jusuf Kalla. T.B. claimed that he had urged Kalla to support fully Yudhoyono's administration until 2009; at the time of the next election, T.B. said, Kalla could choose to break away if he wanted to. T.B. told us he felt skeptical when Kalla denied having presidential ambitions.

¶8. (C) While it would seem unnecessary and imprudent for Kalla to split publicly with Yudhoyono in the near future, many Golkar officials seem to believe the Vice President may make a run for the presidency, and that Yudhoyono could appeal to some secular, Golkar-affiliated voters by choosing another running mate with ties to that party. Most of the speculation along these lines focuses on the likelihood of Yudhoyono teaming up with House of Representatives (DPR) Chairman Agung Laksono, who also serves as Kalla's deputy in Golkar's Central Board. Reliable contacts (including Agung's son and right-hand political operator, Dave Laksono) claim that the relationship with Agung and Kalla has become increasingly uneasy, as the prospects of a split between the two in 2009 become increasingly obvious. Even if Kalla does not choose to run for the presidency, it is unclear that he would necessarily retain his claim on Yudhoyono's ticket; Yudhoyono is reportedly much closer to and more comfortable with Agung.

¶9. (C) National Awakening Party (PKB) Deputy Secretary General Yenny Wahid recently confirmed that PKB had made an explicit deal with Yudhoyono, in which the party would support Yudhoyono in the DPR. (According to the terms of this deal, PKB overlord Abdurrahman Wahid -- aka Gus Dur -- remained free to adopt any public position he liked, Yenny said, noting with exasperation that "even God" has given up trying to control Gus Dur.) However, looking ahead to 2009, Yenny, who became a member of the presidential staff a few months ago, noted Yudhoyono would have to choose whether he wanted the support of PKB, with its moderate Islamic character, or of the more orthodox Islamist PKS. Yenny predicted that Yudhoyono would not want to choose between the secular and Islamist camps; he would hope for support from

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every party and, failing to move in either direction, might find the more secular-minded parties deserting him.

FIRST FAMILY ATTENTION TURNS TO BUSINESS

¶10. (S/NF) Many Embassy contacts have told us that Yudhoyono increasingly recognizes the need for financial resources, particularly in order for him to win reelection in 2009. Specifically:

- Some contacts tell us that First Lady Kristiani Herawati is increasingly seeking to profit personally by acting as a broker or facilitator for business ventures. A widely circulating rumor believed by top politicians claims that Cabinet Secretary Sudi Silalahi merely acted as a cut-out for Kristiani when he received a commission for his endorsement of a Korean firm's effort to receive a contract renovating the Indonesian Embassy in Seoul (ref B -- this matter became public in early 2006).

- Kristiani's family members reportedly have established business connections to Coordinating Minister for People's Welfare Aburizal Bakrie. Numerous contacts report that, despite Bakrie's demotion in the December 2005 cabinet reshuffle (ref A), Yudhoyono has become significantly closer to Bakrie in recent months, drawn by his wealth and the

political benefits that it represents. Some well-placed contacts assess that Bakrie has a good chance to become Yudhoyono's running mate in 2009. (Comment: We saw no sign of a closer Yudhoyono-Bakrie relationship in the GOI's response to the May 27 earthquake near Yogyakarta, however. Yudhoyono seemed to minimize Bakrie's role, even though Bakrie's Coordinating Ministry would have been a logical lead agency. End Comment.)

- Numerous contacts also tell us that Kristiani's family members have begun establishing companies in order to commercialize their family's influence. Some contacts claim that the relationship between Yudhoyono and Vice President Kalla continues to deteriorate at least in part because of a perception that Kalla is a competitor for these business efforts. (Comment: It is difficult to imagine that new companies associated with Kristiani's family might compete with Kalla's long-established firms. This competitive view is more plausible, however, if Kristiani's family is fronting for Bakrie's firms. End Comment.)

- Dave Laksono told us on June 5 that in a recent meeting with DPR Chairman Agung Laksono, Yudhoyono bemoaned his own failure to date to establish himself in business matters. Dave -- who did not indicate whether he was present during that discussion -- said Yudhoyono felt he needed to "catch up," and speculated the President likely wanted to ensure he left a sizeable legacy for his children.

- Presidential staff member Yenny Wahid claimed in mid-June that some of Kristiani's family members were specifically targeting financial opportunities related to State-Owned Enterprises. She portrayed him as witting of these efforts, which his closest operators (e.g., Sudi Silalahi) would advance, while Yudhoyono himself maintained sufficient distance that he could not be implicated.

COMMENT

¶11. (C) Although democracy is still relatively new in Indonesia, Yudhoyono seems to recognize that popular support matters more than back-room machinations. Yudhoyono's personal popularity allowed him to defeat an incumbent with more money and party machinery in 2004. Given the lack of charismatic rivals who command public trust, Yudhoyono may find that even only moderate achievements in the coming years will allow him to retain a commanding lead entering into 2009's unofficial campaign season. In such a scenario, we would expect many parties to seek a ride on Yudhoyono's coattails. However, if Indonesian voters become increasingly dissatisfied with the government's performance, and if the President's popular appeal fades, he has little with which to compensate. Yudhoyono currently has the committed support of only a weak party that consists primarily of amateur politicians. His inner circle is small, he has not significantly expanded his network of loyalists since his

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election, and he has yet to build up a war chest to rival that of his potential opponents.

AMSELEM